
**Financial Institutions &
Insurance Committee**

HB 2225

Brief Description: Allowing certain higher education endowment grant funds to be deposited outside the state.

Sponsors: Representative Kirby; by request of State Treasurer.

Brief Summary of Bill

- Creates an additional exemption to the prohibition on depositing public funds in out-of-state depositories for deposit of higher education endowment grants for specified study or research program being performed outside of Washington.
- Requires authorization of the Public Deposit Protection Commission.
- Allows limitations in time, terms, and conditions as the Commission or Chair deem appropriate.

Hearing Date: 3/1/05

Staff: Jon Hedegard (786-7127).

Background:

The Public Deposit Protection Commission ("Commission") protects public deposits which exceed the amount insured by the Federal Deposit Insurance Corporation. The State Treasurer, Lieutenant Governor, and the Governor, ex officio, compose the Commission. The Commission is administered through the State Treasurer's office.

Current law generally prohibits the deposit of public funds in a public depository outside of the state. There are several exceptions to the general prohibitions, including:

- funds deposited under a fiscal agency contract with the state fiscal agent;
- funds deposited under a custodial bank contract with the state's custodial bank;
- funds deposited under a local government multi-state joint self-insurance program as provided in 48.62.081; and
- a demand deposit account maintained by the treasurer outside of the state of Washington solely for the purpose of transmitting money for deposit in public depositories in the state. An account must be authorized by the Commission or the Chair of the Commission if delegated that authority by the Commission. There must be good cause for the account. The

account may be limited in time, terms, and conditions as the Commission or Chair deem appropriate.

Summary of Bill:

The bill creates an additional exemption to the prohibition on depositing public funds in out of state depositories. A demand deposit account may be maintained by the State Treasurer for deposit of higher education endowment grants for specified study or research program being performed outside of Washington. The account would have to be authorized by the Commission or the Chair if delegated that authority by the Commission. There must be good cause for the account. The account may be limited in time, terms, and conditions as the Commission or Chair deem appropriate.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.